



Department of Virginia Housing and Community Development

Budget Update to SFAC Economic
Development and Natural Resources
Subcommittee

Bryan Horn, Director

January 24th, 2023



**VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT**
Partners for Better Communities





Agenda

- Virginia Housing Trust Fund
- Housing Innovations in Energy Efficiency
- Hurley Relief Update
- Office of Broadband Programs
- Economic Development and Community Vitality Programs
- DHCD Budget Amendments



VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
Partners for Better Communities



Virginia Housing Trust Fund



VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
Partners for Better Communities



Virginia Housing Trust Fund (VHTF)

- The VHTF has proven to be an effective tool for assisting local and regional efforts in creating housing affordability and homeless reduction solutions.
- Established in 2013, the Virginia Housing Trust Fund (VHTF) currently is administered by DHCD in partnership with Virginia Housing.
- VHTF's investment has supported the creation and/or preservation of approximately 10,452 units between 2013 and 2022.



Virginia Housing Trust Fund (VHTF)

- The VHTF supports two initiatives: Competitive Construction Loans and Homeless Reduction Grants.
- 80% of the VHTF goes to Competitive Construction Loans for construction projects creating or preserving affordable units for special needs populations.
 - The projects funded in the 2021-2022 program year will leverage ~\$1.2 billion in private investment (approximately a \$30 to \$1 ratio).
- 20% of the VHTF goes to Homelessness Reduction Grants which fund targeted efforts to reduce homelessness.
 - From 2015-2022, these grants have assisted 2,185 households.



Virginia Housing Trust Fund – Current Allocation

- The Governor's amended budget for the VHTF maintains the support provided from the 2022 Session.
- Amended budget provides \$75 million in FY23 and FY24 for the Housing Trust Fund's activities, for a total of \$150 million over the biennium.
- The VHTF has continued to see oversubscription for funds; for the 2021-22 grant round, 105 applicants requested ~\$66.0 million in funds (with only \$42.1 million available)
 - Per statute, at least 80% of the HTF must be used for flexible financing for low interest loans (\$42.1 million for FY23)



Housing Innovations in Energy Efficiency (HIEE) Programs



VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
Partners for Better Communities



Housing Innovations in Energy Efficiency (HIEE)

- HIEE is funded through Regional Greenhouse Gas Initiative (RGGI) proceeds. DHCD receives 50% of these funds per statute, equal to \$257.6 million since March 2021.
- Per statute, funds are directed towards low-income energy efficiency programs and eligible housing developments
- DHCD held stakeholder input sessions throughout 2021 and established HIEE funds would flow through two programs
 - Weatherization Deferral Program
 - Affordable and Special Needs Housing for soft loans to developers



Housing Innovations in Energy Efficiency (HIEE)

- Weatherization Deferral Program (\$45.2 million)
 - Grants to weatherization providers
 - Funds can be used for weatherization upgrades that are typically not covered by the federal programs
 - Homes that receive WDR funding can then be eligible for federal weatherization funds
 - To date, 265 projects have been completed (including single-family homes and multi-family properties) out of 491 projects approved by WDR, serving a total of 699 housing units.



Housing Innovations in Energy Efficiency (HIEE)

- Affordable and Special Needs Housing (\$108.3 million)
 - Developers can apply for HIEE funds along with HTF and other federal sources administered by DHCD to include energy efficiency upgrades in rehab or new construction projects
 - Funding offered as soft loans to developers
 - 32 projects funded to date with 2618 units that will be more energy efficient for low-income Virginians



Hurley Flood Relief



VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
Partners for Better Communities



Hurley Flood Relief By the Numbers

- DHCD is directed to administer \$11.4 million in funding for the Hurley Flood Relief program in Chapter 2, Acts of Assembly 2022 Special Session 1 on July 1st 2022.
- DHCD is partnering with Buchanan County DSS, which is handling application intake and vetting.
- DHCD, with substantial input and consensus from Buchanan DSS, developed program guidelines and began accepting applications on November 11, 2022, after a How to Apply meeting was held on November 2, 2022
- Buchanan County DSS has received 88 applications to date.
- DHCD has received 29 applications from Buchanan County DSS through January 20th, 2023.
- Of those, 23 have been approved and paid out totaling \$2.73M.
- Remaining applications at Buchanan County DSS are in process.



Office of Broadband



VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
Partners for Better Communities



Virginia Telecommunication Initiative (VATI)

- VATI funds public-private partnerships in order to extend broadband availability to unserved areas across the state.
- The program receives \$100 million in GF support per biennium (\$49.7 million per FY).
 - Additionally, VATI received \$700 million in federal American Rescue Plan Act (ARPA) funds in FY22.
 - VATI has allocated all ARPA funds to broadband expansion projects.
- In FY23, VATI received 33 applications requesting over \$300 million. Combined, these applications proposed provide broadband access to over 100,000 locations.
- To date, VATI has awarded \$798 million to connect over 358,000 homes, businesses and community anchors across the Commonwealth.



Line Extension Customer Assistance Program (LECAP)

- Established in the 2021 General Assembly Special Session II, LECAP is designed to support the extension of existing broadband networks ("long drops") to low-to-moderate-income residents.
 - LECAP has received \$8 million in FY22 and FY23 of federal ARPA dollars.
- Since May 2022, the program has received 228 applications (including 79 incomplete applications).
 - 77 were eligible, 23 projects are currently under construction and 25 projects have been completed.



Broadband Availability Map & VATI Project Dashboard

- Created by Chapter 552 Acts of Assembly 2021, Special Session I, the Commonwealth Connection Broadband Availability Map receives and maps service territory data from Virginia internet service providers.
 - This map is more accurate than comparable federal maps and currently is being used to correct federal mapping inaccuracies.
- Created by Chapter 2 Acts of Assembly 2022, Special Session I, the VATI Project Dashboard provides key progress information on projects funded since January 2021.
 - Presented in September of 2022, the dashboard will serve as an important reference tool for state, local leaders and individuals on project progress.



Federal Infrastructure and Investment Jobs Act (IIJA)

The IIJA from 2021 established two primary broadband programs:

- Broadband Equity, Access and Deployment (BEAD) Program, which provides \$42.45 billion to aid states in closing their broadband availability gaps.
 - DHCD has received \$5M in planning funds to adapt current programs to federal requirements and begin broadband affordability and adoption planning locally.
- Digital Equity Act
 - \$1.2M to Virginia in planning funds, with implementation funds coming for broadband affordability and adoption projects
- Governor Youngkin has named DHCD as the lead on all IIJA Broadband Programs.



Economic Development and Community Vitality



VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
Partners for Better Communities



GO Virginia

- GO Virginia is one of the state's most impactful regional economic development initiatives. The program is designed to encourage regional collaboration and support the creation of high paying jobs in select, traded sectors industries.
- GO Virginia's investments (currently at \$30 million per FY) have supported:
 - The creation of 21,150 jobs,
 - Fostered the development of 2,142 new internship opportunities, and
 - Resulted in the development of 7,800 newly credentialed workers.
- GO Virginia has succeeded in encouraging regional collaboration as evident by the more than 200 unique regional entities who have participated in one or more projects.



GO Virginia - Recent Initiatives

- Talent Pathways Planning Grant
 - \$2.5 million from 2022 Budget to support regional efforts to create talent development strategies for Virginia's high demand sectors.
- Biopharma Cluster Targeted Economic Development Incentive payments to select projects that had seed funding from prior Go Virginia rounds.
 - \$15 million in FY23 to the Virginia Biotechnology Research Partnership Authority,
 - \$18 million in FY23 and FY24 to UVA's Institute for Biotechnology, and
 - \$15.7 million to the City of Roanoke.



Industrial Revitalization Fund (IRF)

- The IRF program helps revitalize blighted, vacant buildings by providing gap funding to rehabilitate buildings for adaptive reuse.
- IRF receives \$1.5 million in state GF annually. The program received an additional \$45 million in federal ARPA funds for the FY 23-24 biennium.
- The most recent program awards for 2023 of \$24.7 million were announced on December 27th 2022.
 - 15 projects awarded a total of \$23.8M from ARPA IRF funds.
 - 5 projects awarded a total of \$1.48M from state GF IRF funds.
- These recent projects are projected to create more than 600 jobs and leverage an additional \$73M in public and private investment.



Virginia Main Street (VMS)

- The Virginia Main Street (VMS) program is a preservation based economic and community development program that offers assistance to communities looking to invest in their historic commercial districts.
 - DHCD serves as the designated agency for VMS.
- VMS receives \$0.5 million in state GF annually. The program received an additional \$8 million in federal ARPA funds.
- Since the creation of VMS in 1984: Virginia Main Street (VMS) communities have:
 - Supported the creation or retention of approximately 25,000 jobs (net),
 - Fostered the development of 7,500 new businesses,
 - Resulted in 10,593 buildings redeveloped.



DHCD Budget Amendments in Governor's Proposed Budget



VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT
Partners for Better Communities



DHCD Related Budget Amendments

- Programs
 - Flood Relief for residents of Whitewood
 - GO Virginia Talent Pathways
 - Economic Development and Community Revitalization
 - Building and Fire Regulation



Whitewood Flood Relief

- Item #114, O.1. of the Governor's Amendments proposes DHCD use \$11.4 million from unobligated RGGI auction proceeds to establish and administer a flood relief program for Whitewood residents.
 - The Whitewood community in Buchanan County did not get authorized for flood relief assistance from FEMA, despite getting federal declaration of a major flood.
- The proposed program would have the same requirements as DHCD's Hurley Flood Relief program established in 2022.



GO Virginia

- The Governor's proposed budget amendments include three additions to GO Virginia GF budget program for FY24, totaling \$35.8 million. These include:
 - \$24.5 million addition for the Talent Pathways Initiative created in 2022.
 - Of this, \$4.5 million is reserved for organizational capacity building, while \$20 million is reserved for implementation grants.
 - \$1.3 million for Go Virginia Board to work with VDACS to address workforce needs in ag tech industries, and
 - \$10 million for increased investment in region specific projects.
 - Of this, \$2.5 million is earmarked for GOVA Regions 1, 3, 4 and 5 to support projects in their strategic areas.



Virginia Main Street

- The Governor's proposed budget amendments proposes a \$2.0 million increase for the VMS budget.
 - \$0.5 million would serve as an addition for VMS' core program to support economic and community development preservation projects in high need areas
 - \$1.5 million is earmarked for high impact projects in the Crater Planning District Commission.



Housing Inspection Pilot Program

- The Governor's proposed budget amendments propose \$10 million for DHCD's Division of Building and Fire Regulation to provide assistance to localities or PDCs to increase capacity for review and issuance of building permits.
 - The idea came from DHCD's listening Sessions on Affordable Housing held over the summer of 2022.
- Grants would be made either on a local or regional basis (both types would be accepted) and aimed at cross cutting strategies to alleviate capacity issues and develop certain processes for addressing building permitting backlog.



Program	Description
Whitewood Flood Relief	Proposes \$11.4 million in FY24 from RGGI funds to provide flood relief for Buchanan and Tazewell County.
VA Main Street	Proposes \$2.0 million in GF for FY24 for the Main Street Program. \$1.5 million is reserved for programs in the Crater Planning District.
GOVA - Talent Pathways	Adds an additional \$24.5 million GF in FY24 to support the Talent Pathways program.
GOVA - Ag Technology	Provides \$1.3 million for GOVA to work with VDACS to address workforce needs in ag tech industries
GOVA - Regional Workforce	Proposes \$10.0 million GF in FY24 to support workforce development efforts in regions 1, 3, 4, and 5.
Enterprise Zone - Fund Reversion	Reverts ~\$1 million in FY24 from Enterprise Zone program to the general fund.
DHCD - Housing Inspection Pilot Program	Proposes \$10.0 million GF in FY24 to provide assistance to localities or PDCs to increase capacity for review and issuance of building permits.
Petersburg Revitalization	Provides an additional \$0.25 million of ARPA funds in FY24 for the City of Petersburg to demolish and develop the Ramada Inn site.



Thank you!

Bryan Horn, Director

Bryan.horn@dhcd.virginia.gov